

**REFUGE FOR WOMEN, INC.
LEXINGTON, KY 40504**

**AUDITED CONSOLIDATED
FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

HARROD & ASSOCIATES, P.S.C.
Certified Public Accountants
FRANKFORT, KENTUCKY 40601

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Refuge for Women, Inc.
Lexington, Kentucky 40504

We have audited the accompanying consolidated financial statements of the Refuge for Women, Inc. (a nonprofit organization) and subsidiaries, which comprise the consolidated statement of financial position as of December 31, 2015 and 2014, and the related consolidated statements of activities and consolidated cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

Refuge for Women, Inc. operates a number of non-profit subsidiaries located in various states across America. The internal controls at each location of these subsidiaries were not observed. The activity

reported was included in these consolidated financial statements. However, we are unable to obtain sufficient appropriate audit evidence that the internal controls at these subsidiaries were sufficient to ensure all activity was properly reported, nor were we able to make this determination through other auditing procedures. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

Qualified Opinion

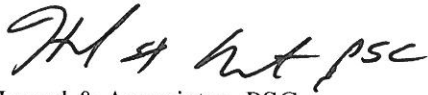
In our opinion, except for the possible effects of the matter discussed in the Basis for Qualified Opinion paragraph, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Refuge for Women, Inc., as of December 31, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Refuge for Women, Inc., as of December 31, 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Supplementary Information

The supplementary information attached to these consolidated financial statements is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information has been compiled from information that is the representation of management. We have not audited or reviewed the supplementary information and, accordingly, do not express an opinion or provide any assurance on such supplementary information.



Harrod & Associates, PSC
Frankfort, KY 40601

August 10, 2016
cys: 3

REFUGE FOR WOMEN, INC.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2015 & 2014

| ASSETS | | |
|--|----------------------|----------------------|
| CURRENT ASSETS | 2015 | 2014 |
| Cash and Cash Equivalents (Note 1) - Kentucky | \$ 350,160.92 | \$ 54,975.25 |
| Cash and Cash Equivalents (Note 1) - Las Vegas | 80,852.11 | 41,571.28 |
| Cash and Cash Equivalents (Note 1) - Chicago | 69,564.43 | 46,725.11 |
| Cash and Cash Equivalents (Note 1) - Dallas | 11,424.93 | - |
| Cash and Cash Equivalents (Note 1) - Miami | 3,488.34 | - |
| Cash and Cash Equivalents (Note 1) - National | 199,881.00 | - |
| Money Market (Note 1) - Kentucky Money Market | - | 1,905.59 |
| Prepaid Expenses | 9,733.51 | 4,600.00 |
| Inventory (Note 1) | 330.00 | 500.00 |
| | <hr/> | <hr/> |
| TOTAL CURRENT ASSETS | 725,435.24 | 150,277.23 |
| FIXED ASSETS (Note 1) | | |
| Leasehold Improvements - Phase I Residence | 27,861.01 | 27,861.01 |
| Leasehold Improvements - Phase II Residence | 71,673.07 | 71,228.87 |
| Accumulated Depreciation | (23,666.56) | (13,724.25) |
| | <hr/> | <hr/> |
| TOTAL FIXED ASSETS | 75,867.52 | 85,365.63 |
| | <hr/> | <hr/> |
| TOTAL ASSETS | \$ 801,302.76 | \$ 235,642.86 |
| | <hr/> | <hr/> |

LIABILITIES AND NET ASSETS

| LIABILITIES | | |
|---|----------------------|----------------------|
| CURRENT LIABILITIES | | |
| Accounts Payable | \$ 11,458.76 | \$ 4,361.76 |
| Payroll Taxes Payable | 7,339.35 | 8,026.08 |
| | <hr/> | <hr/> |
| TOTAL CURRENT LIABILITIES | 18,798.11 | 12,387.84 |
| | | |
| NET ASSETS | | |
| UNRESTRICTED NET ASSETS | | |
| TOTAL UNRESTRICTED NET ASSETS | 782,504.65 | 223,255.02 |
| | <hr/> | <hr/> |
| TOTAL LIABILITIES & NET ASSETS | \$ 801,302.76 | \$ 235,642.86 |
| | <hr/> | <hr/> |

See Independent Auditor's Report
The Accompanying Notes are an Integral Part of These Consolidated Financial Statements

REFUGE FOR WOMEN, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2015 & 2014

REVENUE & SUPPORT: (Unrestricted)

| Increases in Net Assets | 2015 | 2014 |
|---|--------------|------------|
| Jewelry | \$ 170.00 | \$ 339.00 |
| Tshirts | 2,068.57 | 2,674.36 |
| Re-Wire | 5,903.65 | - |
| Donations:Board Giving | 11,250.00 | 7,400.00 |
| Donations:Churches | 79,817.42 | 67,236.50 |
| Donations:Online Donations | 83,261.13 | 54,624.04 |
| Donations:General Donors | 145,187.46 | 50,638.35 |
| Donations:Expansion Gifts | - | 3,165.11 |
| Donations:Victims Fund | - | 6,034.00 |
| Donations:Non-Cash (Note 4) | 25,160.00 | 19,200.00 |
| Fundraising Events:Fireworks | 12,031.60 | 9,354.23 |
| Fundraising Events:Luncheon | 18,833.94 | - |
| Fundraising Events:Rummage Sale | 630.00 | - |
| Fundraising Events:Golf Scramble | 16,717.72 | 32,335.21 |
| Fundraising Events:Spring Gala | 133,661.54 | 57,947.05 |
| Fundraising Events:Concerts | - | 7,807.58 |
| Fundraising Events:Northern Kentucky Gala | 34,920.66 | - |
| Fundraising Events:Father/Son Night | 5,655.37 | - |
| Fundraising Events:Business Luncheons | 345.00 | - |
| Fundraising Events:House Parties | - | 158.00 |
| Fundraising Events:Run for a Reason | 4,599.76 | 17,942.71 |
| General Donations | - | 75,346.23 |
| Business Corporate Sponsors | 12,510.51 | 13,196.62 |
| Foundations | 34,097.03 | 1,000.00 |
| Major Donors | 617,300.41 | 84,650.00 |
| Miscellaneous Income | 1,868.03 | - |
| Interest Income | 2.51 | 2.61 |
| | <hr/> | <hr/> |
| TOTAL REVENUE & SUPPORT (Unrestricted) | 1,245,992.31 | 511,051.60 |

EXPENSES (Unrestricted)

Decreases in Net Assets

COMPENSATION

| | | |
|--------------------|------------|------------|
| Salary & Wages | 310,343.73 | 209,331.67 |
| Other Compensation | 628.98 | 1,875.00 |
| Payroll Taxes | 26,038.86 | 18,296.17 |
| Contract Labor | 45,445.78 | 40,413.11 |
| | <hr/> | <hr/> |
| | 382,457.35 | 269,915.95 |

See Independent Auditor's Report

The Accompanying Notes are an Integral Part of These Consolidated Financial Statements

REFUGE FOR WOMEN, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2015 & 2014

| | 2015 | 2014 |
|--------------------------------|------------------|------------------|
| OUTSIDE FEES | | |
| Accounting Fees | 11,873.47 | 3,810.50 |
| Payroll Processing | 2,582.00 | 2,796.06 |
| Legal Expenses | 8,574.00 | 1,600.00 |
| | <u>23,029.47</u> | <u>8,206.56</u> |
| PHASE I - OCCUPATION EXPENSES | | |
| Utilities | 7,736.47 | 8,151.96 |
| Phone/Cable/Internet | 1,973.88 | 2,030.37 |
| Food and Supplies | 646.86 | 644.29 |
| Rent Expense (Note 4) | 15,600.00 | 9,600.00 |
| Refuge House Security | 714.12 | 165.01 |
| House Supplies | 7,719.69 | 964.97 |
| Gardening/Landscaping | 380.20 | - |
| Maintenance | 4,432.00 | 562.73 |
| Fees | 460.00 | - |
| Client Activity Nights | 877.81 | 1,127.38 |
| Client Personal Care Expenses | 298.36 | 552.90 |
| Client Program Curriculum | 1,737.84 | 8,418.77 |
| Client Transportation | 3,604.14 | 3,816.89 |
| Client Medical/RX | 471.34 | 282.95 |
| Education Support | 483.13 | 768.91 |
| Depreciation Expense (Note 3) | 2,786.10 | 2,786.10 |
| | <u>49,921.94</u> | <u>39,873.23</u> |
| PHASE II - OCCUPATION EXPENSES | | |
| Utilities | 3,701.90 | 737.59 |
| Phone/Cable/Internet | 3,633.84 | 784.57 |
| Food and Supplies | 227.47 | 206.23 |
| Rent Expense (Note 4) | 9,600.00 | 9,600.00 |
| Refuge House Security | 448.60 | 138.17 |
| House Supplies | 482.53 | 2,873.05 |
| Maintenance | 669.75 | 473.82 |
| Gardening/Landscaping | 380.20 | 1,000.00 |
| Client Activity Nights | 870.48 | 146.46 |
| Client Personal Care Expenses | 187.80 | 293.70 |
| Client Program Curriculum | 1,046.67 | 1,621.19 |
| Client Transportation | 998.42 | 306.34 |
| Client Medical/RX | - | 212.23 |
| Education Support | 330.54 | 1,116.81 |
| Depreciation Expense (Note 3) | 7,156.21 | 1,187.15 |
| | <u>29,734.41</u> | <u>20,697.31</u> |

See Independent Auditor's Report

The Accompanying Notes are an Integral Part of These Consolidated Financial Statements

REFUGE FOR WOMEN, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2015 & 2014

| PHASE III - OCCUPATION EXPENSES | 2015 | 2014 |
|-----------------------------------|-------------------|------------------|
| House Supplies | 153.45 | - |
| Maintenance Expenses | 224.49 | 592.40 |
| Refuge House Security | 784.55 | - |
| Food and Supplies | 408.49 | - |
| Utilities | 2,683.22 | 2,238.64 |
| Client Activity | 65.69 | - |
| Client Program Curriculum | 72.39 | - |
| Education Support | 999.57 | - |
| | <u>5,391.85</u> | <u>2,831.04</u> |
| GENERAL & ADMINISTRATIVE | | |
| Bank Fees | 1,631.98 | 695.68 |
| Tech Expense | 3,885.77 | 8,003.24 |
| Online Donation Fees | 2,108.29 | - |
| Dues & Subscriptions | 11,960.13 | - |
| Staff Transportation | - | 100.00 |
| Postage | 6,075.32 | 3,567.05 |
| Stationery & Printing | 10,734.10 | 4,097.40 |
| Office Supplies | 6,524.52 | 3,653.48 |
| Phone/Internet | 2,726.99 | 2,613.70 |
| Miscellaneous | 1,130.15 | 508.15 |
| Auto Expense | 3,951.01 | 2,035.31 |
| Office Small Equipment | 1,676.35 | 1,436.37 |
| Insurance | 8,884.48 | 7,225.31 |
| Permits, Licenses and Filing Fees | 785.00 | 256.87 |
| Travel | 257.20 | 6,579.66 |
| Contributions (Note 1) | 44,057.46 | 17,508.00 |
| Counseling Services Staff/Guests | 350.00 | 2,475.00 |
| House of Refuge | - | 2,000.00 |
| | <u>106,738.75</u> | <u>62,755.22</u> |
| CLIENT EXPENSES | | |
| Client Activity Nights | 9.43 | 12.00 |
| Continuing Education | - | 60.00 |
| Background Checks | 468.16 | 437.20 |
| Victim's Fund | - | 3,919.34 |
| | <u>477.59</u> | <u>4,428.54</u> |

See Independent Auditor's Report

The Accompanying Notes are an Integral Part of These Consolidated Financial Statements

REFUGE FOR WOMEN, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2015 & 2014

| MINISTRY DEVELOPMENT | 2015 | 2014 |
|--|------------------|------------------|
| Continuing Education | 293.00 | 2,321.21 |
| Board Development/Retreat | 613.47 | 71.59 |
| Volunteer Trainings/Retreat | 1,864.53 | 1,038.23 |
| Advertising | 2,741.37 | 362.77 |
| Staff Development | 894.10 | - |
| General Development | 4,850.55 | 4,103.47 |
| | <u>11,257.02</u> | <u>7,897.27</u> |
| FUNDRAISING EXPENSES | | |
| Fireworks | 7,558.52 | 856.17 |
| General | 4,757.80 | 2,947.05 |
| General:Run for a Reason | 868.62 | 3,774.57 |
| 5K:Other Direct Expenses | - | 35.72 |
| Golf Scramble:Non Cash Prizes | 2,089.06 | 1,943.69 |
| Golf Scramble:Rent/Facility Costs | 1,760.00 | 2,440.00 |
| Golf Scramble:Food and Beverage | 1,590.00 | 1,680.00 |
| Golf Scramble:Other Direct Expenses | 900.87 | 1,006.78 |
| Concerts: Non-Cash Prizes | - | 918.58 |
| Concerts: Food & Beverage | - | 1,663.75 |
| Concerts: Other | - | 779.14 |
| Northern Kentucky Gala:Non Cash Prizes | 77.85 | - |
| Northern Kentucky Gala:Rent/Facility Costs | 12,749.64 | - |
| Northern Kentucky Gala:Entertainment | 415.94 | - |
| Northern Kentucky Gala:Other Direct Costs | 1,093.40 | - |
| Home Gatherings | - | 53.16 |
| Business Luncheons | 222.17 | 70.00 |
| Spring Luncheon | 5,392.45 | - |
| Northern Kentucky Luncheon | 368.13 | - |
| Travel | 3,249.31 | 654.32 |
| Fall Event:Other Direct Expenses | 73.09 | - |
| Spring Gala:Non Cash Prizes | 168.80 | - |
| Spring Gala:Rent/Facility Costs | 16,357.72 | 4,750.00 |
| Spring Gala:Food and Beverage | 1,110.00 | 4,185.00 |
| Spring Gala:Entertainment | 2,270.04 | 2,700.00 |
| Spring Gala:Other Direct Expenses | 2,478.45 | 1,589.41 |
| | <u>65,551.86</u> | <u>32,047.34</u> |

See Independent Auditor's Report
The Accompanying Notes are an Integral Part of These Consolidated Financial Statements

REFUGE FOR WOMEN, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2015 & 2014

| BUSINESS EXPENSES | 2015 | 2014 |
|--|---------------------------------|---------------------------------|
| Tshirts | 1,950.00 | 3,726.89 |
| Professional Travel | 4,901.69 | - |
| Re-Wire | 5,330.75 | - |
| Cost of Labor | | 761.74 |
| | <u>12,182.44</u> | <u>4,488.63</u> |
| TOTAL EXPENSES | <u>\$ 686,742.68</u> | <u>\$ 453,141.09</u> |
| NET INCREASE IN NET ASSETS (UNRESTRICTED) | 559,249.63 | 57,910.51 |
| UNRESTRICTED NET ASSETS AT BEGINNING OF YEAR | <u>223,255.02</u> | <u>165,344.51</u> |
| UNRESTRICTED NET ASSETS AT END OF YEAR | <u><u>\$ 782,504.65</u></u> | <u><u>\$ 223,255.02</u></u> |

See Independent Auditor's Report

The Accompanying Notes are an Integral Part of These Consolidated Financial Statements

REFUGE FOR WOMEN, INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 & 2014

CASH FLOW UTILIZED BY OPERATING ACTIVITIES

| | 2015 | 2014 |
|---|------------------|-----------------|
| Change in Unrestricted Net Assets | \$ 559,249.63 | \$ 57,910.51 |
| Adjustments to Reconcile Change in Unrestricted Net Assets to Net Cash Provided by Operating Activities | | |
| Depreciation | 9,942.31 | 3,973.25 |
| (Increase)/Decrease in Prepaid Expenses | (5,133.51) | (4,600.00) |
| (Increase)/Decrease in Inventory | 170.00 | - |
| Increase/(Decrease) in Accounts Payable | 7,097.00 | 4,311.76 |
| Increase/(Decrease) in Payroll Taxes Payable | (686.73) | 4,202.10 |
| Total Adjustments | <u>11,389.07</u> | <u>7,887.11</u> |
| Net Cash Provided by Operations | 570,638.70 | 65,797.62 |

CASH FLOW FROM INVESTING ACTIVITIES

| | | |
|---------------------------------------|-----------------|--------------------|
| Purchase of Leasehold Improvements | <u>(444.20)</u> | <u>(53,732.17)</u> |
| Net Cash Used by Investing Activities | <u>(444.20)</u> | <u>(53,732.17)</u> |

| | | |
|--|-----------------------------|-----------------------------|
| NET INCREASE IN CASH & CASH EQUIVALENTS | 570,194.50 | 12,065.45 |
| CASH & CASH EQUIVALENTS, BEGINNING OF YEAR | <u>\$ 145,177.23</u> | <u>\$ 133,111.78</u> |
| CASH & CASH EQUIVALENTS, END OF YEAR | <u><u>\$ 715,371.73</u></u> | <u><u>\$ 145,177.23</u></u> |

1. For purposes of these financial statements, cash and cash equivalents are all highly liquid instruments purchased with original maturities of three months or less.
2. No interest expense or income taxes were paid in 2015 and 2014.
3. All cash is considered unrestricted under (ASC) 958-210.

See Independent Auditor's Report
The Accompanying Notes are an Integral Part of These Consolidated Financial Statements

REFUGE FOR WOMEN, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2015 & 2014

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

A. NATURE OF ACTIVITIES

Refuge for Women, Inc. (Refuge) is a faith-based nonprofit corporation organized to assist and support women exiting the adult entertainment industry. There is no charge to guests as they live and work together as a family towards healing. The Refuge uses volunteers and curriculum through a mentoring style approach to help women progress through the program.

Beginning in 2014, there are three phases to the program with each phase building on the previous one. Phase one is focused on healing the heart and gaining stability in life and lasts four months. Phase two is focused on job preparation and getting ready for a job or schooling. Staff focuses on resumes, GED's, interviewing skills, job professionalism and more. Phase two is three months in length. Phase three involves the women working and paying and learning to support themselves. They continue to do program work and implementing the first seven months of the program. Phase three can last up to six months. Once the women have completed phase three they are considered a graduate of the program.

B. BASIS OF ACCOUNTING

The financial statements of the Refuge are maintained on the accrual basis of accounting in accordance with generally accepted accounting principles.

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (ASC) 958-205, "Presentation of Financial Statements for Not-for-Profit Entities". Under ASC 958-205 the Refuge is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. A description of the three net asset categories follows:

Unrestricted Net Assets include the portion of expendable funds available for support in the operation of the entity.

Temporarily Restricted Net Assets represent contributions that are received with donor stipulations that limit the use of the donated assets.

Permanently Restricted Net Assets include amounts for which the donor has stipulated that the corpus be invested in perpetuity and only the income be made available for program operations in accordance with donor restrictions.

During 2015 and 2014 all of the Refuge's assets and activities were unrestricted.

C. TAX STATUS

The Refuge is a non-profit corporation exempt from income tax under Internal Revenue Code section 501(c) (3).

See Independent Auditor's Report

REFUGE FOR WOMEN, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2015 & 2014

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES
(continued)

D. SIGNIFICANT ESTIMATES

These financial statements were prepared with the use of management's estimates. Estimates and assumptions are used that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

E. ACCOUNTS RECEIVABLE

The Refuge had no accounts receivable due them at December 31, 2015 or 2014.

F. OTHER OFFICES

In addition to Lexington, KY the Refuge has offices in Chicago, Illinois, Las Vegas, Nevada, Dallas, Texas and Miami, Florida.

In 2014 and through part of 2015, the Refuge office in Kentucky administered and paid satellite offices' bills and deposited funds into their checking accounts. The checking accounts were located in First Southern National Bank. In Refuge's internal books transactions between the Kentucky office and satellite offices were generally recorded as a contribution expense, however, these transactions are actually inter-company transfers. The amounts below indicate the amounts that were classified as transfers that had originally been recorded as a contribution expense and donation revenues.

The following represents the activity for 2015:

- Kentucky transfers to Chicago - \$-0-
- Kentucky transfer to Las Vegas - \$10,000.00
- Chicago transfers to Kentucky - \$3,963.52
- Las Vegas transfer to Kentucky - \$3,607.56

The following represents the activity for 2014:

- Kentucky transfers to Chicago - \$9,293.25
- Kentucky transfer to Las Vegas - \$8,517.46
- Chicago transfers to Kentucky - \$-0-
- Las Vegas transfer to Kentucky - \$3,165.11

At various times during the year the satellite offices opened local bank accounts and began making their own deposits and paying their own bills.

See Independent Auditor's Report

REFUGE FOR WOMEN, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2015 & 2014

G. INVENTORY

The inventory consists of t-shirts, cups and a small portion of hand-made jewelry. All these items are recorded at cost. Once the jewelry has been sold, this type of merchandise will no longer be offered.

H. CONTRIBUTIONS

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. In 2015 & 2014 there were no temporarily or permanently restricted contributions received.

NOTE 2 - CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash held in checking and money market accounts, all of which have an original maturity of three months or less.

During 2015 each of the offices located in other states opened local bank accounts. The moneys for Refuge were held in the following banks:

- Kentucky - First Southern National Bank in Lexington, KY
- Chicago - Chase Bank in Chicago, Illinois
- Las Vegas - Bank of America in Las Vegas, Nevada
- Dallas – Inwood Bank in Dallas, Texas
- Miami – Paradise Bank in Miami, Florida

In 2014, the Refuge's cash balances were held with First Southern National Bank in Lexington, KY.

On occasion throughout 2015 and 2014 cash was exposed to a credit risk when all balances exceeded the FDIC insured amount of \$250,000.

NOTE 3 - PROPERTY, PLANT, AND EQUIPMENT

The Refuge capitalized expenditures over \$1,000.00 and with a useful life exceeding one year. Property and equipment are recorded at cost. Depreciation is recorded using the straight-line basis over the estimated useful life of the property.

Below is a summary of property and equipment and depreciation:

See Independent Auditor's Report

REFUGE FOR WOMEN, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2015 & 2014

NOTE 3 - PROPERTY, PLANT, AND EQUIPMENT (continued)

For the year ended December 31, 2015:

| | <u>Cost</u> | <u>Current Provision</u> | <u>Accumulated Depreciation</u> |
|----------------------------------|---------------------|------------------------------|-------------------------------------|
| Leasehold Improvement – Phase I | \$ 27,861.00 | \$ 2,786.10 | \$ 15,323.20 |
| Leasehold Improvement – Phase II | <u>71,673.07</u> | <u>7,156.21</u> | <u>8,343.36</u> |
| Total Fixed Assets | <u>\$ 99,534.07</u> | <u>\$ 9,942.31</u> | <u>\$ 23,666.56</u> |

For the year ended December 31, 2014:

| | <u>Cost</u> | <u>Current Provision</u> | <u>Accumulated Depreciation</u> |
|----------------------------------|---------------------|------------------------------|-------------------------------------|
| Leasehold Improvement – Phase I | \$ 27,861.00 | \$ 2,786.10 | \$ 12,537.10 |
| Leasehold Improvement – Phase II | <u>71,228.87</u> | <u>1,187.15</u> | <u>1,187.15</u> |
| Total Fixed Assets | <u>\$ 99,089.87</u> | <u>\$ 3,973.25</u> | <u>\$ 13,724.25</u> |

NOTE 4 – OPERATING LEASE AGREEMENTS

Refuge for Women, Inc. is lessee on three separate residential houses used in its operations. The leases in Kentucky are for 10 years and each contains language as of December 31, 2015 and 2014 that allows the lease to terminate without cause within 180 days of written notice. The lease, therefore, has no legally enforceable future payment beyond the 180 days; therefore it is essentially a month by month lease.

Both Kentucky leases are donated to Refuge. Refuge personnel estimate the fair rental on each house is approximately \$800.00 per month. Both were in use all of 2015 and 2014 and therefore estimated contributed rent is \$19,200.00 and likewise corresponding rent expense has been recorded at \$9,600.00 for each house.

Each of the Kentucky leases contain language allowing Refuge to receive reimbursement for all leasehold improvements incurred during the lease. Refuge personnel operate under the understanding that this is only to be done if the landlord terminates their occupancy prior to the end of 10 years. There is no such language to support this. Because of uncertainty in intent and to some extent what the amount would be and because both houses are still being leased no amount has been accrued as a potential receivable.

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REFUGE FOR WOMEN, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2015 & 2014

NOTE 4 – OPERATING LEASE AGREEMENTS (continued)

On July 27, 2015 Refuge signed a 15 month lease for a residence which began on September 1, 2015 and ends on November 30, 2016. Refuge pays \$10.00 per month to rent this residence. Refuge personnel estimate the fair rental value on this house is approximately \$1,500.00 per month therefore the estimated contributed rent is \$5,960.00 and likewise corresponding rent expense has been recorded at \$5,960.00 for this residence. Refuge must maintain the property and if costs exceed \$2,500.00 the costs will be shared with the landlord. Future rent payments total \$110.00 for 2016.

NOTE 5 - ACCOUNTING FOR UNCERTAINTY IN INCOME TAXES

The Refuge has implemented FASB ASC 740-10-20 “Accounting for Uncertainty in Income Taxes”. Management believes it has not taken any position in which it does not have a more likely than not successfully defensible position. The Refuge’s form 990 may be subject to examination by the IRS, generally for three years after filing.

NOTE 6 - SUBSEQUENT EVENTS

The Refuge has adopted FASB ASC 855 “Subsequent Events”. The Refuge evaluated events occurring between the end of its most recent year end and this report date which is the date these statements were available to be issued and found the following effecting these financial statements:

- On January 1, 2016 Refuge changed the corporate structure. A National Board was formed which will centralize operations among the Refuge for Women across the country. This centralized the accounting, policies & procedures, visioning, budgeting, legal issues, fundraising and board member recruitment. All expenditures will flow through the National office but deposits will be made locally with the documentation flowing to Kentucky for recording in the centralized books. Also, National will pay expenses associated with Refuge such as a portion of presidents salary and all the salary for those whose work is not related exclusively to one Refuge location such as the financial bookkeeper.

NOTE 7 – LINE OF CREDIT

On March 11, 2015, Refuge for Women, Inc. obtained an unsecured \$40,000 line-of-credit (LOC) at First Southern National Bank. The LOC is renewable each year and was renewed on March 8, 2016. If draws are made 5.50% is charged on outstanding balances with monthly interest only payments due on the 11th of each month. Refuge has not made any draws on this line-of-credit.

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REFUGE FOR WOMEN, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2015 & 2014

NOTE 8 – CORPORATE STRUCTURE – CONSOLIDATED FINANCIAL STATEMENTS

Each satellite office is a separate non-profit corporation wholly owned by the Refuge for Women, Inc. Each local satellite office has their own board and can make their own decisions within certain parameters but do not set policy. Each board is chosen and governed by Refuge for Women, Inc. As a result, these financial statements are presented on a consolidated basis with all intercompany transactions removed.

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SUPPLEMENTAL INFORMATION

REFUGE FOR WOMEN, INC.
COMPILED STATEMENT OF FINANCIAL POSITION - BY OFFICE
DECEMBER 31, 2015

| | UNRESTRICTED | | | | | | TOTAL ALL OFFICES |
|-------------------------------------|----------------------|---------------------|---------------------|---------------------|--------------------|----------------------|--------------------------|
| ASSETS | KENTUCKY | LAS VEGAS | CHICAGO | N. TEXAS | S.FLORIDA | NATIONAL | |
| Current Assets | | | | | | | |
| Cash and Cash Equivalents | \$ 350,160.92 | \$ 80,852.11 | \$ 69,564.43 | \$ 11,424.93 | \$ 3,488.34 | \$ 199,881.00 | \$ 715,371.73 |
| Inventory | 330.00 | | | | | | 330.00 |
| Prepaid Expenses | 9,653.51 | 80.00 | | | | | 9,733.51 |
| Total Current Assets | 360,144.43 | 80,932.11 | 69,564.43 | 11,424.93 | 3,488.34 | 199,881.00 | 725,435.24 |
| Fixed Assets | | | | | | | |
| Leasehold Improvements | 99,534.08 | - | - | - | - | - | 99,534.08 |
| Less: Accumulated Depreciation | (23,666.56) | - | - | - | - | - | (23,666.56) |
| Total Fixed Assets | 75,867.52 | - | - | - | - | - | 75,867.52 |
| Total Assets | <u>\$ 436,011.95</u> | <u>\$ 80,932.11</u> | <u>\$ 69,564.43</u> | <u>\$ 11,424.93</u> | <u>\$ 3,488.34</u> | <u>\$ 199,881.00</u> | <u>\$ 801,302.76</u> |
| LIABILITIES & NET ASSETS | | | | | | | |
| Current Liabilities | | | | | | | |
| Accounts Payable | \$ 6,303.78 | \$ 3,357.17 | \$ 1,797.83 | \$ - | \$ - | \$ - | \$ 11,458.78 |
| Payroll Taxes Payable | 5,927.35 | 516.58 | 895.42 | - | - | - | 7,339.35 |
| Total Current Liabilities | 12,231.13 | 3,873.75 | 2,693.25 | - | - | - | 18,798.13 |
| Net Assets | | | | | | | |
| Unrestricted Net Assets | 423,780.82 | 77,058.36 | 66,871.18 | 11,424.93 | 3,488.34 | 199,881.00 | 782,504.63 |
| Total Liabilities & Net Assets | <u>\$ 436,011.95</u> | <u>\$ 80,932.11</u> | <u>\$ 69,564.43</u> | <u>\$ 11,424.93</u> | <u>\$ 3,488.34</u> | <u>\$ 199,881.00</u> | <u>\$ 801,302.76</u> |

See Independent Auditor's Report
The Accompanying Notes are an Integral Part of These Consolidated Financial Statements

REFUGE FOR WOMEN, INC.
COMPILED STATEMENT OF ACTIVITIES - BY OFFICE
FOR THE YEAR ENDED DECEMBER 31, 2015

| | UNRESTRICTED | | | | | | TOTAL ALL OFFICES |
|--|---------------------|-------------------|-------------------|------------------|------------------|-----------------|--------------------------|
| | KENTUCKY | LAS VEGAS | CHICAGO | N. TEXAS | S.FLORIDA | NATIONAL | |
| REVENUE | | | | | | | |
| Business Income | \$ 6,793.72 | \$ 1,348.50 | \$ - | \$ - | \$ - | \$ - | \$ 8,142.22 |
| Donations | 179,622.75 | 90,105.22 | 55,103.72 | 12,627.23 | 7,217.09 | - | 344,676.01 |
| Fundraising | 171,909.24 | 33,252.02 | 22,234.33 | - | - | - | 227,395.59 |
| Business Corporate Income | 9,898.24 | - | 2,586.11 | - | 26.16 | - | 12,510.51 |
| Foundations | 13,215.64 | - | 20,881.39 | - | - | - | 34,097.03 |
| Major Donors | 611,418.41 | - | 5,882.00 | - | - | - | 617,300.41 |
| Miscellaneous | 1,868.03 | - | - | - | - | - | 1,868.03 |
| Interest Income | 0.12 | - | - | - | 2.39 | - | 2.51 |
| Total Revenue | 994,726.15 | 124,705.74 | 106,687.55 | 12,627.23 | 7,245.64 | - | 1,245,992.31 |
| EXPENSES | | | | | | | |
| Compensation | 314,914.51 | 25,855.25 | 41,687.59 | - | - | - | 382,457.35 |
| Outside Fees | 11,211.30 | 10,142.97 | 1,267.00 | 398.20 | 10.00 | - | 23,029.47 |
| Phase I - Occupation Expenses | 30,023.35 | 15,816.21 | 3,308.70 | - | 773.68 | - | 49,921.94 |
| Phase II - Occupation Expenses | 29,734.41 | - | - | - | - | - | 29,734.41 |
| Phase III - Occupation Expenses | 5,391.85 | - | - | - | - | - | 5,391.85 |
| General & Administrative | 61,445.59 | 13,816.47 | 29,593.17 | 315.35 | 1,449.17 | 119.00 | 106,738.75 |
| Client Expenses | 274.45 | 203.14 | - | - | - | - | 477.59 |
| Ministry Development | 5,234.46 | 2,388.18 | 2,184.51 | - | 1,449.87 | - | 11,257.02 |
| Fundraising Expenses | 46,243.62 | 13,656.59 | 5,089.81 | 488.75 | 73.09 | - | 65,551.86 |
| Business Expenses | 6,475.05 | 5,707.39 | - | - | - | - | 12,182.44 |
| Total Expenses | 510,948.59 | 87,586.20 | 83,130.78 | 1,202.30 | 3,755.81 | 119.00 | 686,742.68 |
| Increase/(Decrease) in Net Assets | 483,777.56 | 37,119.54 | 23,556.77 | 11,424.93 | 3,489.83 | (119.00) | 559,249.63 |
| Net Assets, January 1, 2015 | | | | | | | 223,255.02 |
| Net Assets, December 31, 2015 | | | | | | | \$ 782,504.65 |

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The Accompanying Notes are an Integral Part of These Consolidated Financial Statements

REFUGE FOR WOMEN, INC.
COMPILED STATEMENT OF FINANCIAL POSITION - BY OFFICE
DECEMBER 31, 2014

| | UNRESTRICTED | | | TOTAL ALL OFFICES |
|-------------------------------------|----------------------|---------------------|---------------------|--------------------------|
| | KENTUCKY | LAS VEGAS | CHICAGO | |
| ASSETS | | | | |
| Current Assets | | | | |
| Cash and Cash Equivalents | \$ 56,880.84 | \$ 41,571.28 | \$ 46,725.11 | \$ 145,177.23 |
| Inventory | 500.00 | | | 500.00 |
| Prepaid Expenses | 4,600.00 | | | 4,600.00 |
| Total Current Assets | 61,980.84 | 41,571.28 | 46,725.11 | 150,277.23 |
| Fixed Assets | | | | |
| Leasehold Improvements | 99,089.88 | | | 99,089.88 |
| Less: Accumulated Depreciation | (13,724.25) | | | (13,724.25) |
| Total Fixed Assets | 85,365.63 | - | - | 85,365.63 |
| Total Assets | <u>\$ 147,346.47</u> | <u>\$ 41,571.28</u> | <u>\$ 46,725.11</u> | <u>\$ 235,642.86</u> |
| LIABILITIES & NET ASSETS | | | | |
| Current Liabilities | | | | |
| Accounts Payable | \$ 4,361.76 | | | 4,361.76 |
| Payroll Taxes Payable | 8,026.08 | | | 8,026.08 |
| Total Current Liabilities | 12,387.84 | - | - | 12,387.84 |
| Net Assets | | | | |
| Unrestricted Net Assets | 134,958.63 | 41,571.28 | 46,725.11 | 223,255.02 |
| Total Liabilities & Net Assets | <u>\$ 147,346.47</u> | <u>\$ 41,571.28</u> | <u>\$ 46,725.11</u> | <u>\$ 235,642.86</u> |

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The Accompanying Notes are an Integral Part of These Consolidated Financial Statements

REFUGE FOR WOMEN, INC.
COMPILED STATEMENT OF ACTIVITIES - BY OFFICE
FOR THE YEAR ENDED DECEMBER 31, 2014

| | UNRESTRICTED | | | TOTAL ALL OFFICES |
|-----------------------------------|---------------------|------------------|----------------|--------------------------|
| | KENTUCKY | LAS VEGAS | CHICAGO | |
| REVENUE | | | | |
| Business Income | 3,013.36 | | | 3,013.36 |
| Donations | 177,076.29 | 56,630.28 | 50,937.66 | 284,644.23 |
| Fundraising | 116,190.55 | 9,354.23 | | 125,544.78 |
| Business Corporate Income | 12,882.40 | 314.22 | | 13,196.62 |
| Interest Income | 2.61 | | | 2.61 |
| Major Donors | 84,650.00 | | | 84,650.00 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total Income | 393,815.21 | 66,298.73 | 50,937.66 | 511,051.60 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| EXPENSES | | | | |
| Compensation | 252,319.88 | 17,595.87 | | 269,915.75 |
| Outside Fees | 7,987.50 | 219.06 | | 8,206.56 |
| Phase I - Occupation Expenses | 39,873.23 | | | 39,873.23 |
| Phase II - Occupation Expenses | 20,697.31 | | | 20,697.31 |
| Phase III - Occupation Expenses | 2,831.04 | | | 2,831.04 |
| General & Administrative | 56,025.19 | 4,608.84 | 2,121.19 | 62,755.22 |
| Client Expenses | 4,428.54 | | | 4,428.54 |
| Ministry Development | 6,334.10 | 206.81 | 1,356.36 | 7,897.27 |
| Fundraising Expenses | 30,248.30 | 1,799.24 | | 32,047.54 |
| Business Expenses | 3,753.14 | 0.49 | 735.00 | 4,488.63 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total Expenses | 424,498.23 | 24,430.31 | 4,212.55 | 453,141.09 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Increase/(Decrease) in Net Assets | (30,683.02) | 41,868.42 | 46,725.11 | 57,910.51 |
| Net Assets, January 1, 2014 | | | | <hr/> 165,344.51 |
| Net Assets, December 31, 2014 | | | | <hr/> 223,255.02 |

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The Accompanying Notes are an Integral Part of These Consolidated Financial Statements